

INTERNATIONAL  
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WITH OUR COMPLIMENTS



## INTERNATIONAL MANAGER Workers Get to Redesign Organization's Structure

By Claudia H. Deutsch  
New York Times Service

**P**ARSIPPANY, New Jersey — AT&T Credit, American Telephone & Telegraph Corp.'s financing arm, is in turmoil. Since October, the unit, with \$2.5 billion in assets and 300,000 customer accounts, has been reworking job titles, responsibilities and bonus plans.

In May, it moved here from nearby Morristown. Many of its 620 employees are lining up for interviews in coping with change.

Yet the staff is energetic rather than panicked. One reason: Every aspect of the new structure, from the description of the president's job to the decor, was designed by the workers.

"These people rebuilt this company from the ground up and that gives them a sense of ownership," said Irving H. Rothman, the credit subsidiary's president.

Added James D. McGrane, who headed the team that designed the new organizational structure: "We've gone from a system where problems got passed from employee to employee to one where problems get solved."

**The team studied the company's problems and designed a new system.**

AT&T Credit's route to this system proves that the Japanese process of bottom-up consensus management can apparently work in at least one American corporate culture.

Back in 1985, when AT&T Credit was formed, management assumed that large companies would buy big systems requiring complicated financing, while small companies would buy smaller systems and make do with standard forms of financing.

So it gave one group of employees responsibility for national assembly line processed purchases made by small companies.

The setup satisfied no one. Small customers clamored for more flexible financing and personal service. Large companies wanted a speedier turnaround. Employees shuffled papers between the two systems. Inevitably, documents got lost, infuriating the AT&T equipment salespeople who served as buffer between the credit arm and the customer.

**B**Y 1989, MORALE was at a low point. "The whole place suffered from diminished energy," Mr. Rothman recalled. Management's answer: Pick 10 employees, train them in team-building and organizational design and tell them to spend 50 percent of their time designing a merged, re-energized system.

The team proceeded carefully. First, it visited customers and salesmen to discuss their needs. Then it interviewed about 90 AT&T Credit employees, and sent questionnaires to the rest. It also held informal monthly meetings with employees, and fielded questions and comments relayed to team members via voice mail.

Once the information was sifted and digested, the team did a work-flow analysis, tracing what happens from the time a customer orders equipment to the time the last payment is made. The team spotted ways to cut costs and boost productivity.

Finally, the team went to a resort for five days, mapped out the new organization, and wrote job descriptions for every position. AT&T Credit now is divided into 20 geographical units, each handling all customers in its area. Within the units, portfolio asset managers keep tabs on the transactions of the customers assigned to them. Bonuses for all unit members are based on the entire unit's ability to raise revenues and reduce bad loans.

The design team's work was completed by late 1989. Then the tumult really began. In 1990, management invited all employees to apply for the newly designed jobs. And it designated a cross-section of employees to serve as a transition team, which would merge out all the jobs — while also packing out the furniture.

The tinkering is not over. The units still seek a better way to divide duties between accounting managers and credit managers. They continue to simplify invoices and credit applications.

"We're still tweaking things," said Mr. McGrane, now a vice president of one of the units. "But finally, the walls between people are coming down."

## Housing Sales Off In U.S.

3.3% Fall Implies  
Weaker Recovery

**WASHINGTON** — New home sales sank 3.3 percent in May, the second straight decline, according to a government report on Wednesday that suggested the recovery from the U.S. recession would be weaker than first thought.

"We're seeing continued signs of a slow recovery," said Kermit Baker, economist at Cahners Economics, a Newton, Massachusetts, forecasting service. "We're going to see a few bumps along the way."

Other recent economic reports, including higher factory orders, more construction starts and higher personal incomes in May, have indicated an end to the recession that began last July and the beginning of a turnaround.

David F. Seiders, an economist with the National Association of Home Builders in Washington, also viewed the report "as part of the process of a gradual upturn" that will include "ups and downs."

Thomas Holloway, an economist with the Mortgage Bankers Association in Washington, noted that the housing sector typically leads the overall economy out of recession.

For housing growth to be sustained, "the economy needs to show some signs of life, which it didn't do in the winter and early spring," he said, adding, "Now it's starting to do so and housing will show some pretty significant improvement."

By most measures, including more construction starts and building permits in May as well as a 6 percent rise in sales of existing homes, housing has begun leading the economy out of recession.

The departments of Commerce and of Housing and Urban Development said sales of single-family homes totaled a seasonally adjusted annual rate of 474,000 units in May, down from 490,000 a month earlier.

Sales in February rose 17.9 percent rather than the 18.1 percent reported earlier. March sales advanced just 0.6 percent rather than 1.0 percent, and April sales actually fell 0.2 percent rather than climbing 1.2 percent.

Still, analysts maintained their belief that the housing recession bottomed in January, when new home sales plummeted 10.8 percent to a 414,000 rate, the lowest since the 1981-82 recession.

(AP; Reuters)

## Yugoslavia Faces Financial Crisis, Too

By Richard E. Smith  
International Herald Tribune

**FRANKFURT** — Yugoslavia's political crisis could be quickly followed by a financial one, with two of the country's major sources of foreign exchange — tourism and funds sent home by workers living abroad — drying up rapidly.

European bankers and government officials said Wednesday that Yugoslavia is dangerously dependent on such income just as tourists are abandoning it as a destination and its workers abroad are afraid to send money to an uncertain fate at home.

"The political situation in Yugoslavia is causing income to fall sharply and this will certainly cause problems for Yugoslavia's trade and debt situation," said Wolfgang Schüssel, Austria's economics minister.

The country has been able to count on solid foreign-exchange income from these two sources for a number of years, enabling it most of the time to cover its foreign-trade deficit and to make reliable payments on its debt bill of roughly \$16 billion.

But a collapse in such income seems a clear danger, with German and other tour groups paying to get clients out of Yugoslavia and as

workers based abroad stop sending their earnings home. At the same time, border closings are paralyzing much of the country's flow of goods, with no clear improvement in sight.

"This crisis is happening at the worst possible time for tourism because it is the beginning of the season and the best part of the year will probably be lost," said Peter Faith, an official in the Austrian Economics Ministry.

"It is crucial to restore peace with some sort of arrangement as soon as possible because a longer-term loss of confidence by tourists and workers abroad could lead to a serious drop in the country's debt rating," said Peter Danylov, a specialist on Yugoslavia at the Federal Association of German Industry in Bonn.

Economists noted that a break-up of Yugoslavia would mark the first time that a major debtor country had physically fallen apart.

Economists note that the country's finances will be seriously disrupted if Slovenia and Croatia break away from the federation or set out an independent economic agenda.

Aside from being the two most developed republics in Yugoslavia, they happen also to

have the most attractive tourist sites and have sent the largest number of workers abroad. This leaves Serbia with the prospect of losing not only political dominance within the federation, but also some of the federation's major sources of foreign exchange.

Most of Yugoslavia's Adriatic coast, the primary source of the country's tourism income of about \$2.7 billion, is in Croatia. Slovenia holds a small stretch.

Bankers estimate that a further \$1 billion has been sent back home annually by workers living abroad and that most of these workers come from Slovenia and Croatia, states with a tradition of sending workers to Northern and Western Europe.

Economists noted that it is difficult to estimate how much flows back to private accounts in Yugoslavia but some Austrian bankers feared that some workers abroad, fearful that earnings from past years might be endangered, might even be trying to draw savings out of the country.

"The politically powerful Serbians are afraid of losing the richest republics and this means that much of the political conflict is a thinly veiled economic war," said Werner

See YUGOSLAVIA, Page 12

## VW-Ford Van Grant Approved

Matra Opposed  
Portuguese Aid

By Charles Goldsmith  
International Herald Tribune

**BRUSSELS** — The EC Commission, expecting increased demand among young families for passenger vans, approved on Wednesday a Portuguese plan to grant 97 billion escudos (\$600 million) in aid to Ford Motor Co. and Volkswagen AG to build a new plant.

The state aid has prompted complaints from France's Matra, whose Espace passenger van, distributed by Renault, is the EC market leader.

The Espace already faces stiff competition from Chrysler as well as Japanese models.

Commission competition officials determined, however, that the Portuguese aid "should not give an unfair advantage" to the Ford-VW joint production facility in an economically depressed area of southern Portugal.

Matra, which like Renault is owned by the French government, had complained that the aid would unfairly help Ford and Volkswagen

Ford price cuts in Britain could start a free-for-all. Page 13.  
There is a growing U.S. trend to housestop auto assembly. Page 16.

complete against the Espace. Renault was forced by the Commission to repay about \$1 billion of aid to France last year.

The plant in Setúbal would produce 190,000 vehicles yearly beginning in late 1994. The facility is expected to create 5,000 direct and 7,000 indirect jobs.

"One of the reasons why the Commission has approved the aid is because it expects a rapidly expanding market for these vehicles," a spokesman said.

"The Community produced 29,000 multipurpose vehicles in 1986 and 69,000 in 1989," the spokesman said. "Independent analysts say this will grow rapidly through the 1990s and could reach a half-million by the end of the century, so the Commission felt that there is ample room for competition in this market."

The aid will include a direct grant of 500 million Esc. (\$444 million) and a five-year tax break up to 47 million Esc. Much of the money comes from an EC program to help struggling regions.

The plant's remote location was another factor.

Under EC rules for assistance to depressed areas, regional aid up to 75 percent of eligible investment costs is allowed, and the Portuguese figure represents only 33 percent of those eligible costs.

The Commission said its decision would be more than just a short-term economic fix.

In the longer term, it should enhance the attractiveness of the region as an industrial zone and help Portugal increase its foothold in the EC vehicle and vehicle-components industries, the Commission said.

Some companies, like Dow Jones Corp., that already provide computerized information over telephone lines, have taken part in developing the new computer library.

In 1989, Thinking Machines enlisted the support of Dow Jones, Apple Computer Inc. and the KPMG Peat Marwick accounting and consulting firm to design the computer library, called Wide Area Information Servers, or WAIS.

The system permits computer users to quickly search a huge volume of information even if it is stored at several distant locations.

While current systems like Dialog and Nexis require users to specify precisely, the new system can respond to inferences. It presents a sample list of documents. The user chooses one or several, and a feedback program presents other documents most like the ones selected.

This solves the problem of how to get to the information you want, getting not too much and not too little," said Esther Dyson, editor of Release 1.0, a computer industry newsletter.

A computer user may need to See DATA, Page 16

## Having It All: Vast Data Networks Near

By John Markoff  
New York Times Service

**NEW YORK** — The development of a U.S. data network will allow users of personal computers to tap sources as large as the Library of Congress or receive their own personalized newspapers.

Several innovations have already demonstrated that searching vast data bases can be easier than consulting a card catalogue, and not nearly as difficult or expensive as computer searches today.

Users with minimal computer skills would soon be able to search through several terabytes of information — several trillion characters of text — in seconds. The Library of Congress, with 80 million items, contains an estimated 25 terabytes of information.

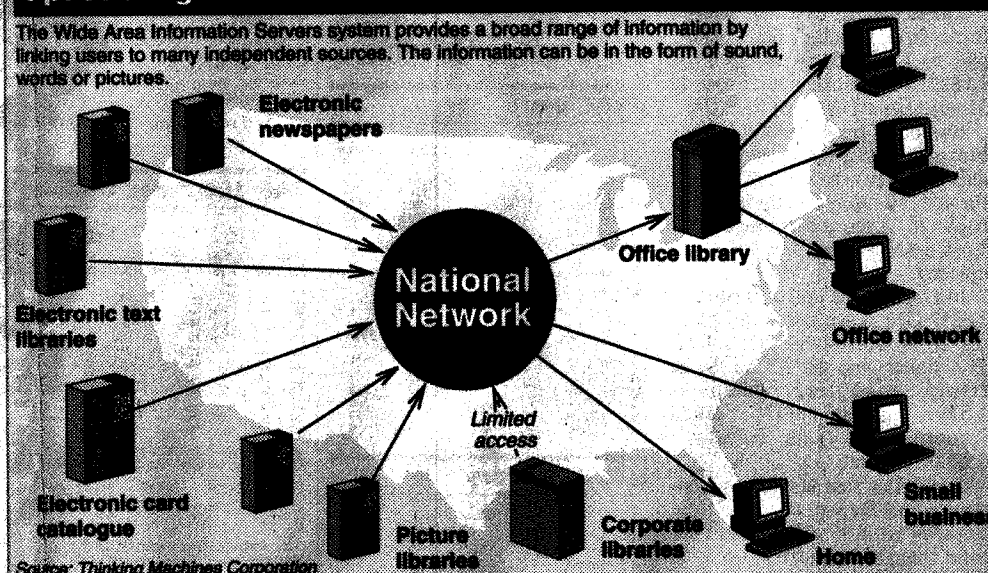
Already an experimental computer library has linked 150 universities to 40 sources of information, ranging from National Institutes of Health data to corporate documents and Shakespeare's plays.

New software allows users to browse or zero in.

As methods of retrieving information are standardized and perfected, industry executives and computer scientists say, thousands of new services, ranging from electronic newspapers to the computerized free public libraries, will blossom.

"Everyone is realizing how important it is to get into the mass market for information," said Thomas Kouloukopoulos, president of Delphi Consulting Group, a Boston market-research firm.

### Spreading Information



Such ready access to huge amounts of computerized information has been the dream of many, but a lack of computing power, effective software and high-speed digital networks stalled progress.

If many of the technical problems are being solved, major business and political disputes remain.

The industry has yet to find ways to protect and charge for intellectual property in a computer network.

To encourage progress, Thinking Machines Corp., a Cambridge, Massachusetts, computer manufacturer, has made its software free.

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## CURRENCY RATES

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	92.00	British pound	163.50	Japanese yen	163.50	Swiss franc	92.00
Belgian franc	36.36	Canadian dollar	70.00	South African rand	13.00	U.S. dollar	100.00
Denmark krone	6.46	French franc	6.55	Swedish krona	8.46	West German mark	1.93
Deutsche mark	1.93	Italian lira	1.93	Yen	163.50		
Dracma	200.48	Spanish peseta	166.64				
Escudo	200.48	Thai baht	25.70				
Florin	2.36	Turkish lira	1.93				
Guinea franc	200.48	U.S. dollar	100.00				
Irish pound	7.88						
Israeli sheqel	1.93						
Italian lira	1.93						
Japanese yen	163.50						
Malay ringgit	2.36						
Mexican peso	20.37						
Netherlands guilder	2.36						
New Zealand dollar	70.00						
Portuguese escudo	200.48						
South African rand	13.00						
Spanish peseta	166.64						
Swedish krona	8.46						
Swiss franc	92.00						
Taiwan dollar	25.70						
Thai baht	25.70						
Turkish lira	1.93						
U.S. dollar	100.00						
West German mark	1.93						
Yen	163.50						

**Forward Rates**  
Currency Per \$ 30-day 60-day 90-day  
Pound Sterling 1.9300 1.9300 1.9300  
Deutsche mark 1.9300 1.9300 1.9300  
Swiss franc 92.00 92.00 92.00  
Yen 163.50 163.50 163.50  
S. Afr. rand 13.00 13.00 13.00  
Mex. peso 20.37 20.37 20.37  
Port. escudo 200.48 200.48 200.48  
S. Kor. won 726.90 726.90 726.90  
Venez. bolivar 55.65 55.65 55.65

**Other Dollar Values**  
Currency Per \$  
Argen. austral 92.00  
Austrian sch. 13.76  
Belgian franc 36.36  
Brazilian cruzeiro 200.48  
Chinese yuan 1.93  
Danish krone 6.46  
Deutsche mark 1.93  
Dutch guilder 2.36  
French franc 6.55  
Irish pound 7.88  
Italian lira 1.93  
Japanese yen 163.50  
Mexican peso 20.37  
Netherlands guilder 2.36  
New Zealand dollar 70.00  
Portuguese escudo 200.48  
South African rand 13.00  
Spanish peseta 166.64  
Swedish krona 8.46  
Swiss franc 92.00  
Taiwan dollar 25.70  
Thai baht 25.70  
Turkish lira 1.93  
U.S. dollar 100.00  
West German mark 1.93  
Yen 163.50

**Interest Rates**  
Currency Per \$  
Pound Sterling 1.9300  
Deutsche mark 1.9300  
Swiss franc 92.00  
Yen 163.50  
S. Afr. rand 13.00  
Mex. peso 20.37  
Port. escudo 200.48  
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## INTEREST RATES

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Thai baht	25.70						
Turkish lira	1.93						
U.S. dollar	100.00						
West German mark	1.93						
Yen	163.50						

## Key Money Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
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## Paris Unveils Steps to Lift Job Market

**PARIS** — France's labor minister announced measures Wednesday aimed at making the job market more efficient and, over time, helping economic growth to bring unemployment down from its current all-time high.

"France has got — everybody knows it — a structural problem with unemployment," said Martine Aubry. "When the economy is growing, it creates fewer jobs than other countries."

In coming months, unemployment is expected to increase by 100,000 beyond May's total of 2,688,900.

Mrs. Aubry announced 15 proposals, ranging from more efficient use of the 35 billion francs (\$5.6 billion) that France spends every year on occupational training to making it simpler for families to hire domestic help.

Mrs. Aubry said the arrangement under which small companies are exempted from certain social security contributions for their first employee would be continued, but not extended to other workers.

However, the government is to boost aid to ailing companies that keep employees on short-time rather than lay them off outright.

She also announced a crackdown on those who refuse jobs: "There are the unemployed, and there are cheaters. You have to help the unemployed and fight the cheaters."

## EC Code Proposed to Prevent Sexual Harassment

**BRUSSELS** — The EC Commission proposed Wednesday that a code of conduct prohibiting sexual harassment in the workplace be adopted throughout the European Community.

The proposal was designed to prevent unwelcome "physical, verbal or nonverbal" conduct that would affect a person's work or career, including training, salary, promotion or other employment decisions.

"Sexual harassment is a serious problem for many working women and certain men in the European Community," the Commission said. "Research in member states has proven beyond doubt that sexual harassment at work is not an isolated phenomenon."

"Sexual harassment," the proposal said, "pollutes the working environment and can have a devastating effect upon the health, confidence, morale and performance of those affected by it."

As with the campaign, now growing, against smoking in the

workplace, Europe has lagged well behind the United States in combating sexual harassment. There are numerous lawsuits now before the U.S. courts on the issue.

The EC proposal takes the form of a nonbinding recommendation to governments rather than a directive requiring legislation in all 12 countries.

The code broadly defines sexual harassment as "unwanted conduct of a sexual nature or other conduct affecting the dignity of women and men at work." It does not outline specific examples.

Authorities of each nation would determine if the code had been breached.

The code advises employers, unions and employees on practical prevention measures, including publication of workplace standards that expressly forbid sexual harassment, diligent internal investigation of complaints and formal disciplinary procedures if harassment is found.

Research by several EC member states showed that certain groups

are particularly vulnerable. They include divorced women, homosexuals, new employees, minorities and women assigned nontraditional tasks.

Four British models who pose topless for a London tabloid newspaper said the EC proposal could ban the posing of nude pinups at the workplace.

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An EC Commission spokesman said the tabloid's "Page 3 girls" would not be outlawed by the measure, so "they should have read first and demonstrated later."

The Commission also urged labor unions to adopt policies on sexual harassment and start programs to educate members.

— CHARLES GOLDSMITH

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## MARKET DIARY

Shaken by Tokyo,  
Dow Tumbles 38

Compiled by Our Staff From Dispatches  
NEW YORK — Stocks tumbled in light pre-holiday trading Wednesday, dragged down from the opening bell by a plunge in the Tokyo market (Page 17) and by poor U.S. housing sales.

The Dow Jones industrial average, which rose 14.31 Tuesday, sank 38.02 to 2,934.70.

Among the broad-based gauges, the New York Stock Exchange

composite index fell 2.04 to 204.48 and Standard & Poor's 500-stock index sank 4.14 to 373.53.

Declines outpaced advances by an 11.5 margin. Adjusted volume amounted to 139.2 million shares, compared with 157.34 million changing hands Tuesday. The market will be closed for the Fourth of July holiday and activity is expected to be very dull when it resumes Friday.

BankAmerica was the most ac-

tive issue, plunging 2 1/2 to 33 1/2. Tennessee followed, down 1 1/2 to 34 1/2.

Security Pacific Corp. lost 1 1/2 to 21 1/2 after announcing that it expected second-quarter net income to drop nearly 75 percent to \$50 million, largely because of delinquent commercial real estate loans. The projected earnings, at 33 cents a share, compare with \$195.2 million, or \$1.59 a share, for the second quarter of 1990.

On the American Stock Exchange, stocks ended lower in moderate trading. The Amex Market Value index fell 1.94 to 358.41. Shares of Tyco Inc. rose \$2 to \$20 on the over-the-counter market after the company said it had bought out and retired its controversial chairman Benson Selzer and his board-member sons, John and Geoffrey.

Benson Selzer had filled Tyco's board of directors with family members and associates.

(UPI, Reuters)

Dollar Eases Slightly  
In Quiet U.S. Trading

NEW YORK — The dollar

closed mostly steady Wednesday in quiet trading, with weak U.S. economic data and further rumors of financial scandal in Japan boosting the mark ahead of the July 4 Independence day holiday.

The dollar ended at 1.8295 Deutsche marks, down from the opening of 1.8344 DM.

The dollar was slightly up, though, against the yen, closing at 139.55 yen after finishing Tuesday at 138.77.

As the market opened, the U.S. Commerce Department reported that single-family home sales fell 3.3 percent in May, compared with economists' expectations of a 2.3 percent rise.

"The market was a little surprised" by the figures, said David

Factor, a dealer for Fuji Bank in New York.

The dollar fell to 6.2015 French francs from Tuesday's 6.2125 francs, and to 1,500 Swiss francs from Tuesday's 1,503.00 francs. The British pound rose to \$1.6063 from Tuesday's \$1.6030.

Rumors of fresh twists in Japan's brokerage and other business scandals hurt Japanese stock prices and the yen. The rumors help the mark rise to 76.28 yen at the close of New York trading from 75.98 yen at the opening.

In London, the dollar finished at 1.8257 DM, down less than 1 penny from Tuesday's 1.8350 DM. The dollar was at 1.5765 Swiss francs, down from Tuesday's 1.5799, and at 6.2075 French francs, down from Tuesday's 6.2200.

The dollar rose slightly in London against the yen, to 139.35 from Tuesday's 138.90. The pound was little changed at \$1.6105, up from Tuesday's close of \$1.6025.

## YUGOSLAVIA: A Financial Crisis May Follow Nation's Political One

(Continued from first finance page)

Varga, an economist with Creditanstalt-Bankverein, Austria's largest bank.

Croatia and Slovenia have recently contributed more than 40 percent of the funds invested in a national development fund, even though the two republics only have about one-quarter of the country's population.

"We have long had a situation in which the richer republics in the

north have been subsidizing the poorer south, much as northern Italy supports the poorer Mezzogiorno in the south," Mr. Varga said.

At the same time, Slovenia and Croatia have long-standing conflicts with the other Yugoslav republics over raw materials and markets for their goods which could not be easily replaced elsewhere.

"Part of their economies could be redirected more to Western Eu-

rope but this may not be practical in the short term and could require arrangements with the European Community," said Mr. Danylov.

To slow considerably until the political situation was under control, particularly since so much of Yugoslavia's income comes from fragile sources such as tourism rather than raw materials.

"The outlook for the debt situation is a big unknown," said Her-

mine Vidovic, economist with the Vienna Institute for International Economics.

The country is carrying on negotiations with the International Monetary Fund to renew a standby credit of about \$600 million, and economists said that many other lines of credit would probably depend on these negotiations.

A spokesman for the IMF said that talks were continuing but declined to comment further.

## WORLD STOCK MARKETS

Agencies France Press July 3

Amsterdam

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## The Dow

Daily closings of the Dow Jones industrial average

3100

2900

2800

2700

2600

2500

2400

2300

2200

2100

2000

1900

1800

1700

1600

1500

1400

1300

1200

1100

1000

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## Dow Jones Averages

Open High Low Last Chg.

Indus 2947.00 2957.00 2947.00 2934.70 -38.32

Transp 1174.13 1183.23 1174.13 1167.74 -7.41

Util 1045.83 1055.23 1045.83 1045.23 -0.60

Comp 1045.83 1055.23 1045.83 1045.23 -0.60

SP 100 359.01 363.83 359.01 357.27 -1.74

Standard & Poor's Indexes

Indus 450.17 452.84 450.17 447.00 -3.17

Transp 150.17 152.84 150.17 147.00 -3.17

Util 100.17 102.84 100.17 97.00 -3.17

Comp 100.17 102.84 100.17 97.00 -3.17

SP 100 359.01 363.83 359.01 357.27 -1.74

NYSE Indexes

Composite 2817.57 2827.57 2817.57 2804.00 -13.57

Indus 1712.17 1722.17 1712.17 1698.00 -14.17

Transp 500.17 510.17 500.17 490.00 -10.17

Util 147.00 147.13 147.00 147.00 0.13

Comp 147.00 147.13 147.00 147.00 0.13

NYSE Most Active

Vol. High Low Last Chg.

BankAm 2444 34 1/2 34 1/2 33 1/2 -1 1/2

BankAm 2444 34 1/2 34 1/2 33 1/2 -1 1/2

BankAm 2444 34 1/2 34 1/2 33 1/2 -1 1/2

BankAm 2444 34 1/2 34 1/2 33 1/2 -1 1/2

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